

Youth Engagement Schools Trust

(A Company Limited by Guarantee)

Trustees' Report and Consolidated Financial Statements

For the year ended 31 August 2021

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Reference and Administrative Details**For the Year Ended 31 August 2021**

Members	C Hindley M Howlett J Bissett A Kiddle M Pearson
Trustees	A N Smith (Chair) M Howlett (Resigned 6 July 2021) N Brindle (Accounting Officer) T Haselwood R N Halsall I J Carden J B Logan L Carden-Doorey C J Whyatt
Senior Leadership Team	Nic Brindle (Chief Executive Officer) Chris Heptinstall (Director of Business and Chief Finance Officer) Helen Phillips (Director of Education)
Company name	Youth Engagement Schools Trust
Principal and Registered Office	The Fermain Academy Beswick Street Macclesfield SK11 8JF
Company Registration Number	08827502 (England and Wales)
Independent Auditor	Murray Smith LLP Chartered Accountants Statutory Auditors Darland House 44 Winnington Hill Northwich Cheshire CW8 1AU
Bankers	Lloyds Bank PLC 60/62 Merseyway Shopping Centre Stockport Cheshire SK1 1PL
Solicitors	Brabners Horton House Exchange Flags Liverpool L2 3YL

Trustees' Report

For the Year Ended 31 August 2021

The trustees present their annual report together with the consolidated financial statements and auditor's report of the charitable company for the year to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Given the global Covid-19 pandemic, the 2020-21 academic year proved to be an especially challenging one. The Trust's schools remained open throughout the pandemic, as we continued to support those pupils who need it the most. This included the brand new 'The Axis Academy' in Crewe, which is an SEN school catering for up to 48 pupils.

The Trust continued to operate The Fermain Academy, which achieved an Outstanding Ofsted inspection in 2018, and has been recognised nationally for the work it does. With facilities to cater for up to 60 students, aged 13-16, at any given time, the academy provides a safe place of learning for those who, for whatever reason, have become disengaged from mainstream education.

The Trust also registered The Cornerstone Academy, its small Independent Alternative Provision, supporting primary aged pupils across Cheshire East. This provision is overseen by Cornerstone Alternative Education Ltd, which is a wholly owned subsidiary of the YES Trust. Although a separate entity and registered independent school, the new company is being run like an Academy Trust and the school (Cornerstone) receives all the support and services from the Trust that its Academies receive.

Throughout the 2020-21 year the Trust has been working through the pre-opening stages of its two new SEN Free Schools, The Raise Academy in Halton, and The Keystone Academy in Shropshire. Led by the Executive Leadership Team, the Trust has been working closely with the Local Authorities, the DFE and main contractors on the two builds to create two new provisions that will have a real impact on the lives of young people with Social, Emotional and Mental Health difficulties. Both The Raise Academy (64 pupils) and The Keystone Academy (120 pupils) are due to open in September 2022.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no 08827502) and an exempt charity. The charitable company was incorporated on 30 December 2013 and opened as an academy on 1 September 2015. The charitable company's memorandum and articles of association were amended on 7th October 2020 to reflect the change of the Trust from a Single, to a Multi Academy Trust. These documents are the primary governing documents of the Academy Trust. The articles of association require the members of the charitable company to appoint at least three trustees to the board of trustees. The trustees of Youth Engagement Schools Trust are also the directors of the charitable company for the purposes of company law.

Trustees' Report (continued)

For the Year Ended 31 August 2021

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance through the Department for Education's Risk Pooling Arrangement (RPA) to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides unlimited cover for the year ended 31 August 2021.

Method of Recruitment and Appointment or Election of Trustees

All members of the board of trustees are appointed and/or elected in accordance with the Articles of Association of the Academy Trust. In summary:

- Up to 10 Trustees may be appointed by the Members;
- the CEO / Accounting Officer

The Members may appoint Trustees through such process as they may determine (by election or appointment), provided the total number of Trustees (including the Accounting Officer) who are employees of the Trust shall not exceed one third of the total number of Trustees.

During the year under review the Board of Trustees and its Committees held a total of 11 meetings (3 x Full Board of Trustees, 3 x Finance, 2 x Strategy, 3 x Education Standards).

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy and the opportunity to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

Organisational Structure

The Board of Trustees is collectively responsible for the overall direction of the Youth Engagement Schools Trust (YES Trust) and its strategic management. This involves determining the guiding

Trustees' Report (continued)

For the Year Ended 31 August 2021

principles within which the Academy Trust operates, setting general policy, adopting an annual development plan and budget, monitoring the Trust activities and making major decisions about capital expenditure and senior staff appointments. The Board of Trustees is also responsible for ensuring that the Trust meets all its statutory obligations and through the Chief Executive Officer and Director of Business (CFO) that it complies with financial regulations. The Chief Executive Officer is the Accounting Officer of the Trust.

The Board of Trustees recognises that it would be impractical to undertake all of the day-to-day activities itself in discharging its responsibilities and that it is necessary to delegate some of its functions through committees and to the Executive Leadership Team (ELT), comprising the CEO, Director of Education and Director of Business, and to the Academy Headteachers and their SLT's (Senior Leadership Teams).

Risk management

The trustees have a duty to identify and review the risks to which the Academy Trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Trust's Risk Register is updated annually in September (or whenever any significant change occurs) and reviewed regularly by Trustees.

Trade Union Facility Time

The Trust is not required to employ union officials.

Objectives and Activities

Objects and Aims

The principal object of the Academy Trust is the operation of its Academies to advance, for the public benefit, education of students.

The Trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives.

The Academy Trust has agreed within the provisions of the Funding Agreement between the Trustees and Secretary of State the following characteristics of the Academy Trust:

- a) The Academy Trust will offer a balanced and broadly based curriculum;
- b) The Academy Trust will provide education for pupils of different abilities; and
- c) The Academy Trust will provide education for pupils who are mainly drawn from the area in which the Academy is situated.

Trustees' Report (continued)

For the Year Ended 31 August 2021

The main objectives of the Trust are to help all young people C.H.A.N.G.E by gaining a positive attitude and the ability to succeed in life:

- **Challenge your self** – Through bespoke teaching pathways we help all students challenge their ability, fostering accelerated progress no matter their start points. Giving students clear pathways to improvement destinations in all areas of personal growth (academic, vocational, personal, social and emotional).
- **Help each other** – Though all academies serve different cohorts and needs within their student bodies, we are committed to helping all achieve their true potential. Within each academy there is the explicit view that we are one community working together to benefit all. Together we learn, challenge and succeed.
- **Aspire to be great** – No idea is a bad idea, and through our academies we foster curiosity and creativity. Our individual academies all have innovative models of delivery, which help every young person find their niche so they aspire to be great.
- **Nurture your potential** – Even though our students may be dis-engaged or disillusioned with education and additionally often had extended periods away from formal schooling, this does not mean they are not gifted in certain areas. With a rich and deep curriculum in every academy we foster this talent stretching them to obtain higher qualification in their respective educational fields
- **Grow as an individual** – We focus on each student's skills and interests to help focus specific study on progression into further / higher education, training and / or employment. With access to internal and external career days, all our students are equipped to make informed choices when they move onto their next step.
- **Enjoy learning** – It is important to reinvigorate every student to once again love education so they can become confident lifelong learners. All our academies foster this in students inspiring them through well produced educational content and curriculum models, educational visits and guest speakers, allowing each student to realise they can succeed and will be a success.

Public Benefit

Trustees have referred to the public benefit guidance contained in part 1, section 4 of the Charities Act 2006 and the SORP (items GL 49), to have due regard to the Charity Commission's published general and relevant guidance when they have reviewed the Academy Trust's aims and objectives. This has been used in planning future activities to ensure the primary objective of the Academy Trust is achieved rather than providing a financial return.

Trustees' Report (continued)

For the Year Ended 31 August 2021

Strategic Report

Achievements and Performance

The Trust converted to a Multi Academy Trust in October 2019. This has led to the strategic growth that the Trust planned at the beginning of the year. The Trust opened its 2nd Free School in September 2020, and has completed the formal registration of The Cornerstone Academy, having undergone Ofsted pre-opening inspections for both the respective settings in July 2020. The Trust also has its 4th and 5th schools in the pre-opening phase and has also become an approved sponsor, with a view to supporting more schools and academies next year.

Covid 19

The impact of Covid 19 has clearly been felt around the world, however, both The Fermain Academy, The Axis Academy and The Cornerstone Academy continued to operate during periods of national lockdown, and with both pupils and staff having to self-isolate at different times throughout the year. With all the Trust's settings already supporting some of the most vulnerable young people in the local area, it was vital we were able to continue to offer the help and support that our pupils and their families need.

The Trust provided meals and meal vouchers for almost all our pupils; we kept open for the most vulnerable pupils, and those children of key workers; daily welfare calls were made to those pupils who couldn't attend (or that it was deemed safer for them not to); and work was set and followed up on by staff. The Trust implemented a home learning platform to ensure those that could not attend due to government mandated self-isolation, did not fall back further with their work. Safeguarding and the health of staff and pupils was at the heart of our response to Covid 19 and all decisions were made with this as the largely sole focus. Fortunately, the financial impact of Covid 19 has been negligible. Whilst the Trust has seen a decline in pupils numbers (and therefore income) across its schools due to the pandemic and the nature of place commissioning in our schools, the government grants for Covid Catch Up, Mass Testing and Year 11 Transition Funding, has allowed us to offer a full support service to our pupils, without having to reduce staffing levels.

Additionally, where we have incurred some additional costs for cleaning, sanitising products, meals and lost income on community lettings, we have saved an equal amount on pupil rewards, school trips, utility bills and other operational running costs.

Trustees' Report (continued)

For the Year Ended 31 August 2021

The Fermain Academy

Over the last 12 months, The Fermain Academy has achieved a number of success stories which we are proud to share and promote. In late August a past pupil made contact with the school to inform them that he had been successful in his application to Sheffield University studying Sport and Business becoming the first student to attend university after studying with the Fermain Academy. The pupil stated "that if it hadn't been for the Fermain Academy, his opportunities would have been limited" and he thanked the team for helping him on his journey in life. In addition to this, the school has also received notification from another former student, who was a school refuser in her previous setting, that she has completed college and to quote "I am more confident now and I actually talk to people (mad I know), I also feel I would be able to come into school and help you with some demonstrations in Hair and Beauty. Honestly, you are the reason I am here today, learning with you really helped me, it gave me a boost to be confident enough to go to college and then work full time in a salon".

Finally, the school is proud to inform you that we have been awarded the Gold Standard for Mental Health from Leeds Beckett University becoming only one of sixteen schools in the Northwest to achieve this status. We have also achieved the renewal of our Basic Skills Quality Mark and the Inclusion Quality Mark as a Flagship School.

Cornerstone Academy

The 2020-21 academic year was a challenging one but also a very successful one. During the pandemic the school only closed to the children for two days, this meant that there was very little disruption to the education of the children attending the provision. As many of the children that attend Cornerstone are open to social care, it also meant that the children were safeguarded as the school was able to monitor them on a daily basis in person and not remotely.

The Trust saw the children at Cornerstone make great academic progress across all the core subjects; reading, writing and maths. The main academic focus was reading and children made accelerated academic progress in this area.

In February 2021 Cornerstone Crewe re-located from Haslington Primary School to new premises at 'The Stables' Warmingham. The new building has given the opportunity to run two classrooms, key stage 1 and 2 provisions. The building also gives the school a reception area, calm room and Head's office. This has allowed more opportunity for precision teaching and curriculum focus.

There has still not been a permanent exclusion of a primary aged child in Cheshire East since the provision opened in January 2019 and to date, 65 children have now passed through The Cornerstone Academy and settled into full-time education whether that is in their mainstream, home school or a more specialist setting.

Trustees' Report (continued)

For the Year Ended 31 August 2021

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Notes to the Financial Statements.

Financial Review

The Trust's key sources of funding are the General Annual Grant (GAG) from the Education Funding Agency (EFA) and top up funding from the Local Authority and schools commissioning places. Funding from the EFA, Local Authority and schools is shown as restricted funds in the Statement of Financial Activities. The analysis of specific grants received can be seen within note 4 to the financial statements.

During the year to 31 August 2021, the Trust received GAG income of £920,000 and top up funding of £997,972, which includes £445,760 from the Local Authority and local schools to run The Cornerstone Academy provision. £63,238 was received in Teachers Pay and Pensions Grants.

The Trust received £80,660 in additional Covid 19 grants during the period, in addition to £3,900 in pupil premium grant.

The Trust received Project Development Grant of £60,000 in respect of The Raise Academy (Halton) and The Keystone Academy (Shropshire) which the Trust will be opening in September 2022.

Other revenue income including lettings, uniform income, training re-charges, absence insurance income and bank interest totalled £28,165 for the year.

The Trust received £136,471 in capital funding during the year, of which £5,190 was DFC, and £131,282 was Free Schools ICT and FF&E capital funding, which was provided for the purchase of assets at The Axis Academy as part of the Free Schools Capital Funding.

During the year to 31 August 2021, total resources expended are £2,489,437, excluding depreciation. Depreciation of £150,358 has been charged for the year against the fixed asset fund. The Trust spent £5,789,936 on Fixed Assets during the year ended 31 August 2021.

The excess of income over expenditure for the period (excluding movement in the pension reserve and restricted fixed assets) was £24,638.

At 31 August 2021 the net book value of fixed assets was £7,499,937 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets will be used exclusively for providing education and the associated support services to the students of the Academy Trust.

Trustees' Report (continued)

For the Year Ended 31 August 2021

Reserves and Investment Policy

Purpose

The purpose of the reserve policy for the YES Trust is to ensure the stability of the Trust's organisational operations, to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

Definition and Goals

Restricted Reserves

Restricted reserves are represented by the main income for the Trust which is General Annual Grant (GAG), other grant contributions or donations that are received for a specific project or purpose, and top up funding. These funds are restricted for the use according to the funding agreements or donors instructions. The level of reserves will be determined by Trustees annually and can fluctuate depending on operational needs. The Board of Trustees have determined that the Trust should aim to have the following levels of reserves:

Reserves	2019-2020	2020-2021	2021-2022	Notes
Minimum Level	£133,000	£191,000	£231,000	Approximately one month's operational outgoings
Optimal Level	£266,000	£382,000	£462,000	Approximately two month's operational outgoings
Maximum Level	£399,000	£574,000	£693,000	Approximately three month's operational outgoings

The rationale behind retaining these levels of reserves are as follows:

- To provide sufficient working capital to cover delays between spending and receipt of grants and top up funding.
- To provide a cash buffer and contingency to deal with unexpected emergencies such as urgent maintenance or replacement of expensive assets.
- To allow the school to retain staffing levels and curriculum delivery should the school experience a drop in numbers and therefore income.
- To provide working capital for the upfront, annual payment of service level agreements and insurance policies.

All reserves are reported and reviewed regularly at management meetings and the Finance, HR and Premises Committee. The level of revenue reserves at the year ending 31.08.2021 is circa £506k, which is in between the optimal and maximum levels of reserves the Trust wishes to carry. There are plans in places for capital improvement works should the level of reserves rise further in the next financial year.

Trustees' Report (continued)

For the Year Ended 31 August 2021

Use of Reserves

1. Identification of appropriate use of reserve funds

The ELT will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

2. Authorisation of use of reserves

Authorisation to use reserves of any kind will be made by the Finance, HR and Premises Committee, providing the individual academy is still posting an overall in year surplus. Any requests over this amount will require full Trust Board approval.

3. Reporting and monitoring

The Trustees are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Trust will maintain a record of the use of the funds. The Resource and Audit Committee should regularly monitor the progress of the reserves.

Review of Policy

This policy will be reviewed by the Finance, HR and Premises Committee every year or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by the Finance, HR and Premises Committee to the Board of Trustees.

Investment Policy

The Trust has an investments policy. Positive cash balances are currently held in the bank current account. The utilisation of a deposit account is currently being discussed by the Finance, HR and Premises Committee, but due to record low interest rates at present this is not something that is currently worthwhile for the Trust.

Principal Risks and Uncertainties

The principal risk for the Trust in the coming year will be capacity with the ELT looking to further expand the Trust in terms of new schools opening and exploring new partnerships and opportunities for growth, whilst ensuring the Trust's existing schools, The Fermain Academy, The Axis Academy and Cornerstone Academy continue to improve and drive standards for AP and SEN education. Leadership capacity and leadership recruitment for Headteachers and wider senior leaders is a key strategic focus areas to help to mitigate these risks.

Post Covid-19 Lockdown

One of the principal uncertainties with the forthcoming financial year will be how schools and AP place commissioners react to the pandemic and whether or not new financial pressures will make them re-think the use of AP. The Trust's Executive Leaders believe the close working relationships, and excellent track record of success with our pupils will mean the Trust can mitigate this impact and still

Trustees' Report (continued)

For the Year Ended 31 August 2021

have a viable number of pupils to ensure a balanced budget without having to reduce staffing levels, or use revenue reserves to balance the in year budget.

Plans for Future Periods

The Trust plans to appoint a HR Manager in November 2021 to help grow the capacity and knowledge in the central team, and in order to make the biggest impact across the Trust's schools.

Following it's successful 1st year and faster than expected growth, The Axis Academy is currently consulting (Sep 21) on an expansion from 48 places, to 68 pupils. This will not include any capital works, as the additional pupils can be catered for in our current setting.

The Fermain Academy will continue working closely with local high schools and other partner organisations to ensure there is a high quality, alternative provision setting for those young people that need it most.

The Trust is also working through the process of planning and building its new Special Free School, The Raise Academy, and The Keystone Academy, and are working closely with the local authorities (Halton and St Helens Borough Councils, and Shropshire County Council) the DFE and EFSA to make sure that these are successful for September 2022. It is hoping that planning permission for the permanent buildings will be granted for before the end of 2021, with a view to contractors starting on site in around Easter 2022.

Auditor

The Trustees have confirmed, that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Murray Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 7th December 2021 and signed on its behalf by:

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A N Smith
Chair of Trustees

Governance Statement

For the Year Ended 31 August 2021

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Youth Engagement Schools Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement of loss.

The board of the trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Youth Engagement Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a possible
A N Smith (Chair)	3	3
M Howlett	1	2
N Brindle (Accounting Officer)	3	3
T Haselwood	3	3
R N Halsall	3	3
I J Carden	3	3
J B Logan	3	3
L Carden-Doorey	3	3
C J Whyatt	3	3

The Trustees plan to undertake the next internal review during the forthcoming academic year.

The Finance, HR and Premises Committee is a Committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Academy Trust's financial and operational resources, including proper planning, monitoring and probity. This Committee also acts as and carries out the functions of the 'Audit Committee' as per the requirements of the Academies Financial Handbook. The Finance, HR and Premises Committee meet on a termly basis prior to the main Trust Board and report back to the Board on their delegated responsibilities. This Committee's attendance was as follows:

Governance Statement (continued)

For the Year Ended 31 August 2021

Trustee	Meetings Attended	Out of a possible
A N Smith	3	3
N Brindle	3	3
T Haselwood	3	3
R N Halsall	3	3
C J Whyatt	2	3
C Heptinstall (Chief Finance Office – Non-voting member)	3	3

The Education Standards Committee: The Purpose of the Committee; to review and evaluate learning and teaching, student achievement, SEND provision and standards and to oversee the ethos of the Academy Trust with its vision to secure the best possible outcomes for each individual child having regard to that child's personal circumstances. The committee has the following core purposes: To oversee outcomes for pupils in each academy providing challenge and support for academy leaders and officers of the Trust, Ensure decisions taken at each academy regarding teaching and learning are taken in the best interests of pupils, Develop the Yes Trust's ability to lead Academies and improve outcomes for individuals.

Trustee	Meetings Attended	Out of a possible
I Carden	3	3
N Brindle	3	3
B Logan	3	3
L Carden-Doorey	3	3
H Phillips (Director of Education – Non-voting member)	3	3

The Strategy Committee: The Purpose of the Committee; is to make key strategic decisions in relation to the running and development of the YES Trust, including voting to enter into any due diligence growth proposals or formal engagement with the Regional Schools Commissioner. To ensure good governance at all levels of The Yes Academy Trust including evaluating skills gaps and highlighting / organising relevant training. To Oversee arrangements for the remuneration of Academy Trust staff and Trust leaders.

Trustee	Meetings Attended	Out of a possible
A N Smith	2	2
N Brindle	2	2
R N Halsall	2	2

Review of Value for Money

As accounting officer the CEO has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can

Governance Statement (continued)

For the Year Ended 31 August 2021

be improved, including the use of benchmarking data where available. The accounting officer also reviews contracts with the Director of Business on a cyclical, planned basis. The main contracts reviewed during the 2020/21 year were as follows:

Cleaning services

Refuse removal

Finance and Accounting System - Moved to new Trust lead system from Sep 2020

MIS – Moved to new Trust lead system from Sep 2020 – reviewed annually

Staff absence insurance – Moved to new Trust wide cover from Sep 2020

Health and Safety and Compliance – New Trust wide system for H&S and compliance procured and introduced

External HR consultancy

Staff benefits and assistance

The Trust has also opted in to Ill Health Liability Insurance for all its schools through Hymans Robertson. This will further protect the Trust against any potential large pay outs in respect of Ill Health Retirement of support staff. This policy is cost neutral as it reduces the employers pension contributions to offset the cost of the policies.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Youth Engagement Free Schools Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Governance Statement (continued)

For the Year Ended 31 August 2021

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance and resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and in line with the 2020 Academies Financial Handbook, has appointed a separate, external audit firm to conduct termly internal audits covering a range of financial and operational risk areas. The firm appointed for this role is WR Partners, who work with a range of businesses including Academy Trusts. The Chair of the Finance, HR and Premises Committee liaises regularly with the Director of Business / CFO to discuss the Trust's financial performance in addition to scrutiny being applied via the committee and board of Trustees and internal and external audit.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out during the 2020/21 year included:

- review of health and safety systems, processes and records
- review and testing of payroll and staff on-boarding procedures
- review of asset register, including checks of newly purchased assets

On a termly basis, WR Partners, reports to the board of trustees, through the Finance, HR and Premises Committee on the operation of the systems of control and on the discharge of the board of trustees' financial and operational responsibilities.

Governance Statement (continued)

For the Year Ended 31 August 2021

Review of Effectiveness

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and resources committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2021 and signed on its behalf by:

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A N Smith
Chair of Trustees

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Nic Brindle
Accounting Officer

Statement of Regularity, Propriety and Compliance For the Year Ended 31 August 2021

As accounting officer of Youth Engagement Schools Trust Ltd I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

DocuSigned by:

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Nic Brindle
Accounting Officer
7 December 2021

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2021

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Trustees' Responsibilities (continued)
For the Year Ended 31 August 2021

Approved by order of the members of the board of trustees on 7 December 2021 and signed on its behalf by:

DocuSigned by:

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A N Smith
Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Members of Youth Engagement Schools Trust

Opinion

We have audited the financial statements of Youth Engagement Schools Trust for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Academy Trust Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Academy Trust's affairs as at 31 August 2021 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor’s Report on the Financial Statements to the Members of Youth Engagement Schools Trust (continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees’ Report, but does not include the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees’ Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees’ Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the Academy Trust and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees’ Report.

We have nothing to report in respect of the following matters prescribed by the Companies Act 2006 which requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.

Responsibilities of trustees

As explained more fully in the Statement of Trustees’ Responsibilities set out in the trustees’ annual report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report on the Financial Statements to the Members of Youth Engagement Schools Trust (continued)

In preparing the financial statements, the Board of Trustees is responsible for assessing the group's and the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Trustees either intends to liquidate the Academy Trust or to cease operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit procedures designed to identify irregularities included:

- enquiry of management and those charged with governance around actual and potential litigation and claims
- enquiry of Academy Trust staff with responsibilities for tax and compliance matters to identify any instances of non-compliance with laws and regulations
- reviewing any minutes available of meetings of those charged with governance
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, intentional misrepresentations or through collusion.

Independent Auditor's Report on the Financial Statements to the Members of Youth Engagement Schools Trust (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Members, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Michael Benson (Senior Statutory Auditor)
For and on behalf of Murray Smith LLP
Chartered Accountants
Statutory Auditors
Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

Date: -7 December 2021

Independent Reporting Accountant's Assurance Report on Regularity to Youth Engagement Schools Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 2 December 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Youth Engagement Schools Trust during the period from 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Youth Engagement Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Youth Engagement Schools Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Youth Engagement Schools Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Youth Engagement Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Youth Engagement Schools Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

Independent Reporting Accountant’s Assurance Report on Regularity to Youth Engagement Schools Trust and the Education and Skills Funding Agency (continued)

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust’s income and expenditure.

The work undertaken to draw to our conclusion includes:

- review of review of arrangements in place over financial management; and
- review of the Trust’s expenditure during the year.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

DocuSigned by:

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Murray Smith LLP

7 December 2021

Chartered Accountants and Statutory Auditors
Darland House
44 Winnington Hill
Northwich
Cheshire CW8 1AU

Consolidated Statement of Financial Activities for the year ended 31 August 2021

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and capital grants	2	165	-	5,768,262	5,768,427	25,302
Charitable activities:						
Funding for the Academy Trust's educational activities	3	-	2,349,004	-	2,349,404	1,815,671
Other trading activities	4	16,766	-	-	16,766	16,539
Investments	5	61	-	-	61	234
Total income		16,992	2,349,004	5,768,262	8,134,658	1,857,746
Expenditure on:						
Raising funds	6	293	-	-	293	-
Charitable activities:						
Academy Trust's educational operations	7	2,530	2,500,680	128,037	2,631,247	1,763,898
Other		-	-	-	-	-
Total expenditure		2,823	2,500,680	128,037	2,631,540	1,763,898
Net income / (expenditure)		14,169	(151,276)	5,640,225	5,503,118	93,848
Transfers between funds	16	-	(10,050)	10,050	-	-
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	26	-	(250,000)	-	(250,000)	(55,000)
Net movement in funds		14,169	(411,326)	5,650,275	5,253,118	38,848
Reconciliation of funds						
Total funds brought forward		78,056	214,349	1,764,043	2,056,448	2,017,600
Total funds carried forward		92,225	(196,977)	7,414,318	7,309,566	2,056,448

Consolidated Balance Sheet as at 31 August 2021

	Notes	31 August 2021 £	31 August 2020 £
Fixed assets			
Tangible assets	12	7,499,937	1,860,359
Current assets			
Debtors	14	237,588	98,273
Cash at bank and in hand		510,563	460,953
		748,151	559,226
Current Liabilities			
Creditors: amounts falling due within one year	15	(225,522)	(70,137)
		522,629	489,089
Net current assets			
		8,022,566	2,349,448
Total assets less current liabilities			
Creditors – amounts falling due after more than one year		-	-
		8,022,566	2,349,448
Net assets excluding pension liability			
Defined benefit pension scheme liability	26	(713,000)	(293,000)
		7,309,566	2,056,448
Total net assets			
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	16	7,414,318	1,764,043
Restricted income fund	16	516,023	507,349
Pension reserve	16	(713,000)	(293,000)
		7,217,341	1,978,392
Total restricted funds			
Unrestricted income funds	16	92,225	78,056
		7,309,566	2,056,448
Total funds			

The financial statements on pages 26 to 53 were approved by the trustees and authorised for issue on 7 December 2021 and are signed on their behalf by:

DocuSigned by:

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A N Smith
 Chair of Trustees

DocuSigned by:

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N Brindle
 Accounting Officer

Academy Trust Balance Sheet as at 31 August 2021

	Notes	31 August 2021 £	31 August 2020 £
Fixed assets			
Tangible assets	12	7,499,937	1,860,359
Investments	13	1	-
		7,499,938	1,860,359
Current assets			
Debtors	14	190,668	98,273
Cash at bank and in hand		510,563	460,953
		701,231	559,226
Current Liabilities			
Creditors: amounts falling due within one year	15	(192,602)	(70,137)
		508,629	489,089
Net current assets			
		8,008,567	2,349,448
Total assets less current liabilities			
		8,008,567	2,349,448
Creditors – amounts falling due after more than one year		-	-
Net assets excluding pension liability			
		8,008,567	2,349,448
Defined benefit pension scheme liability	26	(713,000)	(293,000)
Total net assets			
		7,295,567	2,056,448
Funds of the academy trust:			
Restricted funds			
Fixed asset fund		7,414,318	1,764,043
Restricted income fund		502,024	507,349
Pension reserve		(713,000)	(293,000)
Total restricted funds		7,203,342	1,978,392
Unrestricted income funds		92,225	78,056
Total funds		7,295,567	2,056,448

The financial statements on pages 26 to 53 were approved by the trustees and authorised for issue on 7 December 2021 and are signed on their behalf by:

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A N Smith

Chair of Trustees

DocuSigned by:

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N Brindle

Accounting Officer

Consolidated Statement of Cash Flows for the year ended 31 August 2021

	Note	Year ended 31 August 2021 £	Year ended 31 August 2020 £
Cash flow from operating activities			
Net cash provided by (used in) operating activities	20	71,223	157,372
Cash flows from investing activities	22	(21,613)	(8,530)
Cash flows from financing activities	21	-	-
Change in cash and cash equivalents in the reporting period		49,610	148,842
Cash and cash equivalents at 1 September 2020		460,953	312,111
Cash and cash equivalents at 31 August 2021	23	510,563	460,953

Notes to the accounts

For the Year Ended 31 August 2021

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency (ESFA), the Charities Act 2011 and the Companies Act 2006.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that Youth Engagement Schools Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they adopt the going concern basis of accounting in preparing the financial statements.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of consolidation

The consolidated financial statements include the Academy Trust and its Subsidiary, Cornerstone Alternative Education Ltd. Intra-group sales and profits are eliminated fully on consolidation in accordance with FRS 102. All financial statements are made up to 31 August 2021.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Notes to the accounts (continued)

For the Year Ended 31 August 2021

Grants

Grants are included in the Consolidated Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant (GAG) is recognised in full in the Consolidated Statement of Financial Activities in the period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Investment Income

All income from short term deposit accounts is credited to the Consolidated Statement of Financial Activity in the period in which it is earned on a receivable basis.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Notes to the accounts (continued)

For the Year Ended 31 August 2021

Donated fixed assets (excluding Transfers on conversion/into the Academy Trust)

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT, where applicable.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Notes to the accounts (continued)

For the Year Ended 31 August 2021

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	– 50 years
Furniture and fixtures	– 5 years
Computer equipment	– 4 years
Plant and machinery	– 7 years
Motor vehicles	– 4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to the statement of financial activities in the period it is incurred unless it increases the future benefits to the Academy Trust, in which case it is capitalised and depreciated on the relevant basis.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Notes to the accounts (continued)

For the Year Ended 31 August 2021

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Notes to the accounts (continued)

For the Year Ended 31 August 2021

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency (ESFA).

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the accounts (continued)

For the Year Ended 31 August 2021

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values

2. Donations and capital grants

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Capital grants	-	5,768,262	5,768,262	25,302
Donated fixed assets	-	-	-	-
Other donations	165	-	165	-
Total	165	5,768,262	5,768,427	25,302

Notes to the accounts (continued)
For the Year Ended 31 August 2021

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	920,000	920,000	600,000
Other DfE/ESFA grants				
Pupil Premium	-	3,900	3,900	351
Others	-	222,238	222,238	277,684
Other DfE Group grants	-	-	-	-
Other Government grants				
Local authority grants	-	1,104,430	1,104,430	926,436
Other income from the Academy Trust's educational operations	-	18,176	18,176	11,200
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	-	16,800	16,800	-
Other DfE/ESFA COVID-19 funding	-	63,860	63,860	-
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	-	-	-
Other Covid-19 funding	-	-	-	-
	-	2,349,404	2,349,404	1,815,671

4. Other trading activities

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Hire of facilities	8,173	-	8,173	6,740
Income from other charitable activities	-	-	-	-
Income from ancillary trading activities	8,593	-	8,593	9,799
Total	16,766	-	16,766	16,539

5. Investment income

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Short term deposits - interest	61	-	61	234
Total	61	-	61	234

Notes to the accounts (continued)

For the Year Ended 31 August 2021

6. Expenditure

	Staff Costs £	Premises £	Other £	2021 Total £	2020 Total £
<i>Expenditure on raising funds:</i>					
Direct costs	-	-	293	293	-
Allocated support costs	-	-	-	-	-
<i>Academy Trust's educational operations:</i>					
Direct costs	1,049,178	-	85,962	1,135,140	1,335,926
Allocated support costs	1,043,578	81,703	370,826	1,496,107	427,972
Total	2,092,756	81,703	457,081	2,631,540	1,763,898

Net expenditure for the period includes:

	2021 £	2020 £
Operating lease rentals	2,973	4,370
Depreciation	150,358	70,294
Fees payable to auditor for:		
-audit	8,170	6,381
-other services	2,640	1,125

7. Charitable Activities

	2021 £	2020 £
Direct costs – educational operations	1,135,140	1,335,926
Support costs – educational operations	1,496,107	427,972
	2,631,247	1,763,898

Analysis of support costs

	2021 Educational Operations £	2020 Educational Operations £
Support staff costs	1,043,578	148,289
Depreciation	150,358	31,893
Technology costs	46,014	59,098
Premises costs	81,703	138,220
Other support costs	158,984	34,595
Governance costs	15,470	15,877
Total support costs	1,496,107	427,972

Notes to the accounts (continued)

For the Year Ended 31 August 2021

8. Staff

a. Staff costs

Staff costs during the period were:

	2021	2020
	£	£
Wages and salaries	1,487,991	994,127
Social security costs	143,147	86,231
Pension costs	461,456	301,646
	2,092,594	1,382,004
Agency staff costs	162	700
Staff restructuring costs	-	-
Total staff costs	2,092,756	1,382,704

b. Staff numbers

The average number of persons employed by the Academy Trust during the period was:

	2021	2020
Teachers	21	12
Administration and support	27	23
Management	3	3
	51	38

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 on an annual equivalent basis was:

	2021	2020
	No	No
£90,001 to £100,000 p.a.	-	1
£100,001 to £110,000 p.a.	1	-

d. Key management personnel

Key management personnel of the Academy Trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £266,287 (2020: £268,039).

Notes to the accounts (continued)

For the Year Ended 31 August 2021

9. Central Services

The Academy Trust has provided the following central services to its academies during the year: HR and payroll, financial services, legal services where required and some educational support services.

The Academy Trust charged for these services on the following basis:

- a fair split based on budgeted surplus

The actual amounts charged during the year were as follows:

	2020/21	2019/20
	£	£
The Axis Academy	105,000	96,000
The Fermain Academy	120,000	102,500
Cornerstone Academy	45,830	52,500
	270,830	251,000

10. Related party transactions – Trustees’ remuneration and expenses

One trustee has been paid remuneration or has received other benefits from employment with the Academy Trust. The Chief Executive Officer only receives remuneration in respect of services provided undertaking the roles of Chief Executive Officer of Youth Engagement Schools Trust, under a contract of employment.

The value of trustees’ remuneration and other benefits was as follows:

N Brindle (Chief Executive Officer and trustee)

		<i>Annual equivalent</i>
Remuneration	£100,000 – £110,000	(2020) £90,000 - £100,000
Employer’s pension contributions paid	£20,000 - £25,000	(2020) £20,000 - £25,000

During the year ended 31 August 2021, travel and subsistence expenses totalling £54 were reimbursed or paid directly to the trustees (2020: £540).

11. Trustees and Officers’ Insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides unlimited cover on any one claim and forms part of a commercial combined policy. Because the policy combines a number of different insurances the cost for the Trustees’ and Officers’ liability cover is not separately identifiable and is included in the total insurance cost.

Notes to the accounts (continued)
For the Year Ended 31 August 2021

12. Tangible Fixed Assets – Group and Academy Trust

	Leasehold Land and Buildings	Plant and Equipment	Total
Cost or valuation	£	£	£
At 1 September 2020	1,920,051	223,113	2,143,164
Additions	5,628,040	161,896	5,789,936
Disposals	-	-	-
At 31 August 2021	7,548,091	385,009	7,933,100
Depreciation			
At 1 September 2020	149,733	133,072	282,805
Charge for period	99,011	51,347	150,358
Eliminated in respect of disposals	-	-	-
At 31 August 2021	248,744	184,419	433,163
Net book value at 31 August 2020	1,770,318	90,041	1,860,359
Net book value at 31 August 2021	7,299,347	200,590	7,499,937

The Fermain Academy freehold land and buildings are owned by Youth Engagement Schools Trust.

The Axis Academy occupies its land and buildings under the terms of a 125 year lease from Cheshire East Borough Council effective from 4 December 2019. Legal title in the lease was transferred to Youth Engagement Schools Trust on 10 December 2019, the Academy Trust took up occupancy in February 2021. Under the terms of the leases the Academy Trust is fully responsible for the maintenance, insurance and general upkeep of the land and buildings. As a result, the Academy Trust has determined that the most appropriate accounting treatment is to recognise the substance of the transaction rather than the legal form and capitalise the land and building assets in the Academy Trust's accounts.

13. Fixed Asset Investments – Academy Trust

	Shares in group undertakings
Cost or valuation	£
At 1 September 2020	-
Additions	1
Revaluations	-
At 31 August 2021	1
Net book value at 31 August 2020	-
Net book value at 31 August 2021	1

Notes to the accounts (continued)

For the Year Ended 31 August 2021

13. Fixed Asset Investments – Academy Trust (continued)

The shares in group undertakings represents the Academy Trust's 100% control of Cornerstone Alternative Education Ltd, which is registered in England and Wales as a company limited by guarantee, and provides an alternative education provision for vulnerable young people living in East Cheshire and surrounding areas.

14. Debtors

Amounts falling due within one year:	Group		Academy Trust	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	147,301	28,203	104,031	28,203
VAT recoverable	14,334	14,033	14,334	14,033
Other debtors	-	1,360	-	1,360
Prepayments and accrued income	75,953	54,677	72,303	54,677
	237,588	98,273	190,668	98,273

15. Creditors: amounts falling due within one year

	Group		Academy Trust	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	39,498	-	36,937	-
Other taxation and social security	46,499	22,735	40,440	22,735
Amounts due to group undertakings	-	-	8,583	-
Accruals and deferred income	139,525	47,402	106,642	47,402
	225,522	70,137	192,602	70,137

	Group		Academy Trust	
	2021	2020	2021	2020
	£	£	£	£
Deferred income at 31 August 2020	5,093	85,440	5,093	85,440
Released from previous years	(5,093)	(85,440)	(5,093)	(85,550)
Resources deferred in year	110,000	5,093	80,000	5,093
Deferred income at 31 August 2021	110,000	5,093	80,000	5,093

Notes to the accounts (continued)
For the Year Ended 31 August 2021

15. Creditors: amounts falling due within one year (continued)

At the balance sheet date the Academy Trust was holding the following funds received in advance:

	Group		Academy Trust	
	2021	2020	2021	2020
	£	£	£	£
Rates grant for 2020/21	-	2,989	-	2,989
FF&E capital grant	-	2,104	-	2,104
Pre-opening grants – Keystone	80,000	-	80,000	-
LA top-up funding – Cornerstone	30,000	-	-	-
	110,000	5,093	80,000	5,093

16. Funds - Group

	Balance at 1 September 2020	Income	Expenditure	Gains (Losses) and Transfers	Balance at 31 August 2021
	£	£	£	£	£
Restricted General Funds					
General Annual Grant (GAG)	502,256	920,000	(986,233)	-	436,023
Catch-up premium	-	16,800	(16,800)	-	-
Other DfE/ESFA Covid-19 funding	-	63,860	(63,860)	-	-
Other Grants	5,093	1,330,568	(1,245,611)	(10,050)	80,000
Other income	-	18,176	(18,176)	-	-
Pension Reserve	(293,000)	-	(170,000)	(250,000)	(713,000)
	214,349	2,349,404	(2,500,680)	(260,050)	(196,977)
Restricted Fixed Asset Funds					
Transfer on conversion	-	-	-	-	-
DfE Group capital grants	1,756,383	5,768,262	(127,874)	-	7,396,771
Private sector capital sponsorship	7,660	-	(163)	-	7,497
Capital expenditure from GAG/Top-up funding	-	-	-	10,050	10,050
	1,764,043	5,768,262	(128,037)	10,050	7,414,318
Total Restricted Funds	1,978,392	8,117,666	(2,628,717)	(250,000)	7,217,341
Total Unrestricted Funds	78,056	16,992	(2,823)	-	92,225
Total Funds	2,056,448	8,134,658	(2,631,540)	(250,000)	7,309,566

Notes to the accounts (continued)

For the Year Ended 31 August 2021

16. Funds – Group (continued)

The Academy Trust is not subject to GAG carried forward limits.

The specific purposes for which the funds are to be applied are as follows:

Restricted general funds – includes all income with specified criteria attached to its use and the corresponding expenditure in relation to this income.

Restricted fixed asset funds – includes all income and expenditure related to the purchase of fixed assets.

Unrestricted funds – includes all other income and expenditure which has no specific criteria attached to its use.

Comparative information in respect of the previous period is as follows:

	Balance at 1 September 2019	Income	Expenditure	Gains (Losses) and Transfers	Balance at 31 August 2020
	£	£	£	£	£
Restricted General Funds					
General Annual Grant (GAG)	192,634	600,000	(290,378)	-	502,256
Catch-up premium	-	-	-	-	-
Other DfE/ESFA Covid-19 funding	-	-	-	-	-
Other Grants	85,440	1,215,217	(1,295,564)	-	5,093
Other income	-	11,200	(11,200)	-	-
Pension Reserve	(121,000)	-	(117,000)	(55,000)	(293,000)
	<u>157,074</u>	<u>1,826,417</u>	<u>(1,714,142)</u>	<u>(55,000)</u>	<u>214,349</u>
Restricted Fixed Asset Funds					
Transfer on conversion	-	-	-	-	-
DfE Group capital grants	1,791,420	14,556	(49,593)	-	1,756,383
Private sector capital sponsorship	7,823	-	(163)	-	7,660
Capital expenditure from GAG/Top-up funding	-	-	-	-	-
	<u>1,799,243</u>	<u>14,556</u>	<u>(49,756)</u>	<u>-</u>	<u>1,764,043</u>
Total Restricted Funds	1,956,317	1,840,973	(1,763,898)	(55,000)	1,978,392
Total Unrestricted Funds	61,283	16,773	-	-	78,056
Total Funds	<u>2,017,600</u>	<u>1,857,746</u>	<u>(1,763,898)</u>	<u>(55,000)</u>	<u>2,056,448</u>

Notes to the accounts (continued)
For the Year Ended 31 August 2021

16. Funds – Group (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021	2020
	£	£
The Axis Academy	38,412	23,000
The Fermain Academy	423,521	420,405
Cornerstone Academy	96,431	106,000
Central Services	49,884	36,000
Total before fixed assets and pension reserve	608,248	585,405
Restricted fixed asset fund	7,414,318	1,764,043
Pension reserve	(713,000)	(293,000)
Total	7,309,566	2,056,448

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding depreciation)	2020/21 Total	2019/20 Total
	£	£	£	£	£	£
The Axis Academy	295,871	253,729	12,066	58,574	620,240	106,716
The Fermain Academy	513,149	257,205	15,656	128,123	914,133	859,563
Cornerstone Academy	240,158	104,131	1,702	64,008	409,999	337,214
Central Services	-	265,513	-	101,297	366,810	273,111
Depreciation	-	-	-	-	150,358	70,294
LGPS FRS 102	-	-	-	-	170,000	117,000
Academy Trust	1,049,178	880,578	29,424	352,006	2,631,540	1,763,898

Notes to the accounts (continued)
For the Year Ended 31 August 2021

17. Analysis of Net Assets between Funds - Group

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	91,474	7,408,463	7,499,937
Current assets	100,808	641,488	5,855	748,151
Current liabilities	(8,583)	(216,939)	-	(225,522)
Non-current liabilities	-	-	-	-
Pension scheme liabilities	-	(713,000)	-	(713,000)
Total net assets	92,225	(196,977)	7,414,318	7,309,566

Comparative information in respect of the previous period as at 31 August 2020 is as follows:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	96,316	1,764,043	1,860,359
Current assets	78,056	481,170	-	559,226
Current liabilities	-	(70,137)	-	(70,137)
Non-current liabilities	-	-	-	-
Pension scheme liabilities	-	(293,000)	-	(293,000)
Total net assets	78,056	214,349	1,764,043	2,056,448

18. Capital and other commitments

	2021	2020
	£	£
Commitments contracted for, but not provided for in the financial statements	-	-

Notes to the accounts (continued)
For the Year Ended 31 August 2021

19. Long-term commitments, including operating leases

Operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021	2020
	£	£
Amounts due within one year	1,619	2,064
Amounts due between one and five years	3,522	4,845
Amounts due after five years	-	-
	5,141	6,909

20. Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2021	2020
	£	£
Net income / (expenditure) for the period	5,503,118	93,848
Adjusted for:		
Depreciation (note 12)	150,358	70,294
Capital grants from DfE and other capital grants	(5,768,262)	(39,858)
Interest paid	-	-
Interest receivable (note 5)	(61)	(234)
Defined benefit scheme cost less contributions payable (note 26)	163,000	113,000
Defined pension scheme finance cost (note 26)	7,000	4,000
(Increase) / decrease in debtors	(139,315)	12,117
Increase / (decrease) in creditors	155,385	(95,795)
Net cash provided by operating activities	71,223	157,372

21. Cash flows from financing activities

	2021	2020
	£	£
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Interest paid	-	-
Net cash provided by / (used in) financing activities	-	-

Notes to the accounts (continued)
For the Year Ended 31 August 2021

22. Cash flows from investing activities

	2021	2020
	£	£
Purchase of tangible fixed assets	(161,896)	(48,622)
Capital grants from DfE/ESFA	140,222	39,858
Interest received	61	234
Net cash provided by / (used in) investing activities	(21,613)	(8,530)

23. Analysis of cash and cash equivalents

	2021	2020
	£	£
Cash in hand and at bank	510,563	460,953
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	510,563	460,953

24. Analysis of changes in net debt

	At 1 September	Cash flows	At 31 August
	2020	£	2021
	£		£
Cash	460,953	49,610	510,563
Cash equivalents	-	-	-
	460,953	49,610	510,563
Loans falling due within one year	-	-	-
Loans falling due after more than one year	-	-	-
Total	460,953	49,610	510,563

25. Members liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

Notes to the accounts (continued)

For the Year Ended 31 August 2021

26. Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Cheshire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions as a percentage of salary –these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million

Notes to the accounts (continued)

For the Year Ended 31 August 2021

26. Pension and similar obligations (continued)

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £205,665 (2020 £121,768).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £121k (2020 £85k), of which employer's contributions totalled £90k (2020 £63k) and employees' contributions totalled £31k (2020 £22k). The agreed contribution rates for future years are 18.2% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an Academy Trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	2.9%	2.9%
Future pensions increases	3.6%	2.2%
Discount rate for scheme liabilities	1.65%	1.7%

Notes to the accounts (continued)
For the Year Ended 31 August 2021

26. Pension and similar obligations (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	21.4 years	21.2 years
Females	24.0 years	23.6 years
<i>Retiring in 20 years</i>		
Males	22.4 years	21.9 years
Females	25.7 years	25.0 years

Sensitivity Analysis

	2021 £000	2020 £000
Discount rate: + 0.1%	(45)	(24)
Discount rate: - 0.1%	45	24
Mortality assumption: 1 year increase	45	24
Mortality assumption: 1 year decrease	(45)	(24)
CPI rate: + 0.1%	45	24
CPI rate: - 0.1%	(45)	(24)

The academy trust's share of the assets in the scheme were:

	2021 £000	2020 £000
Equities	194	115
Bonds	177	105
Property	42	26
Cash and other liquid assets	<u>9</u>	<u>10</u>
Total fair value of assets	<u>422</u>	<u>256</u>

The actual return on the scheme assets was £55,000 (13.1%).

Notes to the accounts (continued)
For the Year Ended 31 August 2021

26. Pension and similar obligations (continued)

Amount recognised in the Statement of Financial Activities

	2021	2020
	£000	£000
Current service cost	(245)	(176)
Past service cost	-	-
Interest income	5	3
Interest cost	(12)	(7)
Effect of business combination and disposals	(7)	-
Benefit changes, gain / (loss) on curtailment and gain / (loss) on settlement	(250)	(55)
Admin expenses	-	-
Total amount recognised in the SOFA	<u>(502)</u>	<u>(235)</u>

Changes in the present value of defined benefit obligations were as follows:

	2021	2020
	£000	£000
At 1 September 2020	549	245
Current service cost	245	176
Interest cost	12	7
Employee contributions	31	22
Effect of business combination and disposals	11	-
Actuarial (gain) / loss	287	99
Benefits paid	-	-
Past service cost	-	-
At 31 August 2021	<u>1,135</u>	<u>549</u>

Changes in the fair value of academy trust's share of scheme assets were as follows:

	2021	2020
	£000	£000
At 1 September 2020	256	124
Interest income	5	3
Effect of business combination and disposals	4	-
Actuarial gain / (loss)	37	44
Employer contributions	89	63
Employee contributions	31	22
Benefits paid	-	-
At 31 August 2021	<u>422</u>	<u>256</u>

Notes to the accounts (continued)
For the Year Ended 31 August 2021

27. Related Party Transactions

Owing to the nature of the Academy Trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.